

March 3, 2026

The Honorable Marvin L. Abney, Chair
HOUSE COMMITTEE ON FINANCE

Thank you, Chair Abney and members of the Finance Committee for today's hearing.

My name is H. Philip West Jr. I'm 84 and have retired from serving as volunteer lobbyist for the Village Common of Rhode Island. I'm sorry not to be with you in person today.

I testify today as a private citizen in support of the governor's proposed additional 3% tax on taxable income above \$648,398, as presented in Article 5, page 117, line 18 and following. **Under its terms, a taxpayer with an Adjusted Gross Income (AGI) of \$750,000 would pay only an additional \$3,048 per year (3% of \$101,612 above the threshold); a taxpayer with a \$1 million taxable income would see an increase of \$10,548 (3% of \$351,602 above the threshold).**

This proposed surtax raises two questions: (1) whether this is reasonable and fair, and (2) whether it will prompt wealthy taxpayers to move out of Rhode Island.

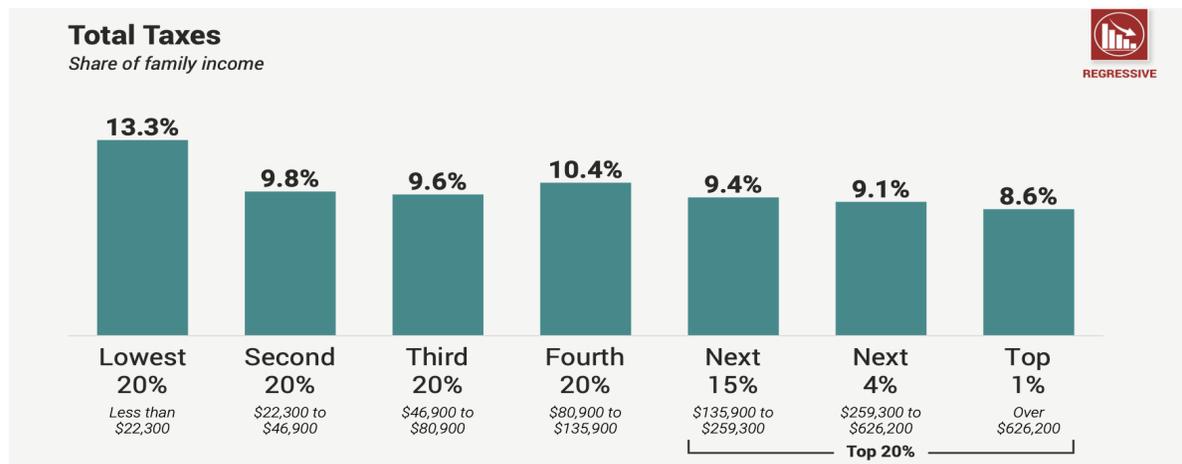
1. Is it reasonable and fair to ask the top one percent to pay more?

I believe it is. The nonpartisan Institute on Taxation and Economic Policy has analyzed and compared tax burdens in all fifty states and the District of Columbia. Analysts calculated (1) sales and excise taxes, (2) personal income taxes, and (3) property taxes as a percentage share of family income for five income levels. Their [report](#) characterizes Rhode Island's tax structure as "moderately regressive" because the top 20% of taxpayers actually pay a [smaller share of their income in various taxes than any other four quintiles.](#)



Rhode Island

State and local tax shares of family income



The disparity becomes obvious in percentages of income low-income people pay directly in sales taxes and indirectly through rent paid to landlords for property taxes.

Rhode Island State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,300	\$22,300 to \$46,900	\$46,900 to \$80,900	\$80,900 to \$135,900	\$135,900 to \$259,300	\$259,300 to \$626,200	Over \$626,200
Average Income in Group	\$12,700	\$35,000	\$62,000	\$107,100	\$172,600	\$363,400	\$924,500
 Sales & Excise Taxes	7.4%	5.1%	4.4%	3.3%	2.5%	1.7%	1.1%
General Sales—Individuals	2.8%	2.6%	2.3%	1.9%	1.4%	0.9%	0.4%
Other Sales & Excise—Ind.	3.6%	1.7%	1.2%	0.8%	0.5%	0.4%	0.2%
Sales & Excise—Business	0.9%	0.8%	0.8%	0.7%	0.6%	0.5%	0.4%
 Property Taxes	6.5%	3.7%	3.2%	4.3%	3.7%	3.2%	2.8%
Home, Rent, Car—Individuals	5.9%	3.1%	2.7%	3.7%	3.2%	2.5%	1.1%
Other Property Taxes	0.6%	0.5%	0.5%	0.5%	0.5%	0.8%	1.7%
 Income Taxes	-0.8%	0.9%	1.9%	2.7%	3.1%	4.1%	4.6%
Personal Income Taxes	-0.8%	0.9%	1.9%	2.7%	3.0%	4.0%	4.6%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
 Other Taxes	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
 TOTAL TAXES	13.3%	9.8%	9.6%	10.4%	9.4%	9.1%	8.6%

Rhode Island’s tax inequality is far less egregious than in the ten most regressive states.¹ Political leaders from Florida and Texas, for example, regularly brag about their states’ lack of an income tax. But middle-income families in those supposedly “low-tax states” pay an average share of income more than twice as high as the wealthiest families, and low-income families pay five times more than the wealthy.

The report makes clear that supposedly “low-tax” states compensate for their lack of income tax revenues by relying heavily on sales and excise taxes that disproportionately impact lower-income families.²

Systems of taxation embody shared values and political choices. Rhode Island’s current array of taxes clearly allows the wealthiest to pay the lowest share of their income in taxes, and it loads the heaviest burden of taxes on those least able to pay.

2. Will the proposed surtax prompt the top one percent of taxpayers to move out of Rhode Island?

Opponents of additional income taxes on Rhode Island’s highest-earning residents argue that any additional taxes at the high end will prompt an exodus of those taxpayers.

¹ Florida, Washington, Tennessee, Pennsylvania, Nevada, South Dakota, Texas, Illinois, Arkansas, and Louisiana

² Carl Davis, et. al., *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States*, 7th edition, 2024, pages 30ff.

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In fact, some might leave. In 2022, Massachusetts voters approved a “Fair Share” ballot question that imposed a 4% surtax on the portion of annual household income that exceeds \$1 million.

In 2025, the Massachusetts Society of Certified Public Accountants, surveyed its members and reported that 70% reported that they had high-end clients who were moving or were considering moving to evade the tax.³

In testimony before this Finance Committee last May, the research director for the Tax Foundation [argued against this proposed fourth bracket of income tax](#). She declared that adding 3% to Rhode Island’s current top marginal rate of 5.99% would destroy our competitive advantage against the combined 9.1% for income over \$1 million in Massachusetts.

These arguments over tiny percentages of taxation rest on miniscule amounts at the margins. They also ignore the fact that Republicans’ 2025 Tax Cuts and Jobs Act – the so-called “Big Beautiful Bill” – cut the top marginal income tax rate from 39.6% to 37% and increased the cap on deductions for State and Local Taxes (SALT) from \$10,000 to \$40,000.

That federal legislation also [made permanent a 20% deduction for business income](#), vastly increasing the tax advantages of business income over wages.

The Economic Progress Institute dismisses the “[Mass Exodus Tax Flight Myth](#).”⁴ This report rightly declares:

There is simply no evidence – not in Rhode Island and not anywhere in the United States – linking changes in top tax rates with large-scale net-migration of higher-income residents or of interstate migration in general. While shifts in tax rates may play some role for individuals in relocation decisions, including where to move once the decision has already been made, the evidence shows this happens only at the margins and that tax rates have never motivated large numbers of higher-income individuals to move out of or into a state.

The surtax proposed in Article 5 is reasonable, fair, and in line with Rhode Island’s values. Even if it prompts a small number of extremely wealthy taxpayers to move out of Rhode Island, other rich people will buy their homes, and they will pay Rhode Island’s recently enacted Real Estate Conveyance Tax or the “Taylor Swift Tax” surcharge on non-owner-occupied properties.

I urge passage of the additional 3% tax on taxable income above \$648,398 as presented in Article 5, page 117, line 18 and following.

Respectfully submitted,



H. Philip West Jr.

³ Massachusetts Society of Certified Public Accountants, *2025 Public Policy and State Competitiveness Report*, <https://www.masscpas.org/storage/files/80fa250a87ab3d385dd27dc81a71645a.pdf>

⁴ Alan Krinsky, *Moving Beyond the Mass Exodus Tax Flight Myth*, Economic Progress Institute, 2025.